



**The Comptroller General
of the United States**

Washington, D.C. 20548

Ms. Myeder

Decision

Matter of: Missouri Forge, Inc.

File: B-234741.2

Date: July 14, 1989

DIGEST

Invitation for bids may be canceled after bid opening where agency reasonably determines that the only bid was unreasonably high based upon historical costs.

DECISION

Missouri Forge, Inc., protests the cancellation, after bid opening, of invitation for bids (IFB) No. DLA100-89-B-0084, issued by the Defense Personnel Support Center (DPSC), Defense Logistics Agency, for steel tent pins. The agency cancellation was based on its determination that the only bid received, Missouri Forge's, was unreasonably high. The protester disputes this finding and contends that rejection of its bid was improper.

We deny the protest.

The IFB, issued as a total small business set-aside on January 11, 1989, invited bids on 800,500 steel tent pins to be manufactured in accordance with military specifications. Bid opening was on February 9, where a single bid of \$1,305,757.11 was received from Missouri Forge. Missouri Forge quoted \$1.6464 for each pin to be sent to one location and \$1.6261 for each pin to be sent to a second location, or a weighted average of \$1.6312 per pin.

After bid opening, DPSC requested a pre-award survey of Missouri Forge to use as part of the responsibility determination. The agency also contacted five firms to determine why they had not submitted bids. Some firms had not received the solicitation; others had received the solicitation but were unable or unwilling to bid. At this time, it was also discovered that, although the solicitation had been submitted for synopsis in the Commerce Business Daily, it was never published.

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Additionally, the DPSC Cost and Pricing Branch conducted a price analysis to determine the price reasonableness of the Missouri Forge bid. The price analyst found a fair market price range of \$1.0334 to \$1.468 for each pin using a 1986 competitive award price of \$.9489 with adjustments for increases in labor and materials of 9.7 percent and 8.9 percent, respectively. Missouri Forge's weighted average bid price was 11.1 percent greater than the high range of the price analyst's estimated price. Missouri Forge's bid price was also examined in light of the item history card which indicated a downward pricing trend (\$1.98 in 1982 to \$.9489 in 1986) in bid prices for the last 7 years.^{1/}

Based on the item history and the price analysis, the contracting officer determined that Missouri Forge's bid could not be supported by market trends and was not in the best interest of the government. Pursuant to Federal Acquisition Regulation (FAR) § 14.404-1(c)(6) (FAC 84-5), the contracting officer canceled the IFB because of price unreasonableness.

Missouri Forge contends that the determination that its price was unreasonably high was faulty because it was based on a comparison with a past contract price which Missouri Forge alleges was below cost. To support this allegation, Missouri Forge points to the contractor's inability to complete the 1986 contract, which the protester argues should have put the DPSC on notice that this contract price was suspect.

Contracting officers have broad discretion in determining when it is appropriate to cancel an IFB. However, the preservation of the integrity of the competitive bidding system requires that the decision to cancel an IFB after bid opening be supported by a cogent and compelling reason. FAR § 14.404-1(a)(1) (FAC 84-5); Control Concepts, Inc., B-233354.2, Apr. 6, 1989, 89-1 CPD ¶ 358. Nevertheless, the FAR authorizes cancellation where "all otherwise acceptable bids received are at unreasonable prices, or only one bid is received and the contracting officer cannot determine the reasonableness of the bid price." FAR § 14.404-1(c)(6) (FAC 84-5); Picker International, Inc., B-232430, Dec. 12, 1988, 88-2 CPD ¶ 583. Moreover, before awarding any contract, a contracting officer must determine that the price at which the contract would be awarded is reasonable. FAR § 14.407-2 (FAC 84-8); Picker International, Inc., B-232430, supra.

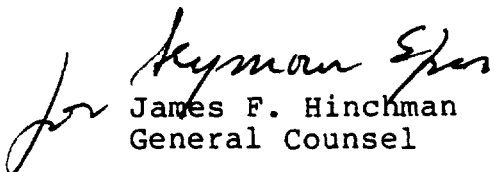
^{1/} The downward trend is interrupted only once, in 1985, where the procurement was for a substantially smaller quantity.

A determination concerning price reasonableness is a matter of administrative discretion, and we will not question that determination unless it is clearly unreasonable or the protester demonstrates fraud or bad faith on the part of the contracting officials. Picker International, Inc., B-232430, supra. An agency properly may base a determination of price reasonableness upon comparisons with such things as government estimates, past procurement history, current market conditions, or any other relevant factors, including any which have been revealed in the bidding. FAR §§ 14.407-2 (FAC 84-8) and 15-805-2 (FAC 84-35); Corrugated Inner-Pak Corp., B-233710.2, Mar. 29, 1989, 89-1 CPD ¶ 326.

Here, the DPSC based its determination that Missouri Forge's bid price was unreasonably high from the price of the most recent procurement for steel tent pins. We have consistently viewed prior procurement history to be a valid and proper method to determine, where as here, the bid prices received for a similar procurement are reasonable, Crown Laundry and Dry Cleaners, Inc., B-224374.2, Jan. 20, 1987, 87-1 CPD ¶ 71, and we have said that recent procurement history may be the most relevant factor for consideration. J. Carver Enterprises, B-227359, Sept. 3, 1987, 87-2 CPD ¶ 220.

Although Missouri Forge alleges that this bid price is below-cost, Missouri Forge's allegations in this regard are unsubstantiated and do not indicate that the agency's determination to cancel the IFB was clearly unreasonable, or made fraudulently or in bad faith. Indeed, DPSC has indicated that only an "inconsequential" quantity, that is approximately 6 percent of the contract quantity, was not delivered under the 1986 contract. Moreover, the fact that there were no other bids with which to compare Missouri Forge's sole bid for the tent pins provides additional support for the price comparison methods used by the contracting officer. Crown Laundry and Dry Cleaners, Inc., B-224374.2, supra. Based on our review of the record, we conclude the procurement history reasonably supports the contracting officer's determination to cancel the IFB.

The protest is denied.


James F. Hinchman
General Counsel